



TRINITY COUNTY Fraud, Waste and Abuse Policy

OVERVIEW

Trinity County is committed to the safeguarding of public assets and preventing fraud, waste and abuse. All County employees, as public stewards must share in this commitment. County employees, especially supervisors and Department Heads/Elected Officials, must be aware of the circumstances, or “red flags”, which may potentially lead to fraud. For the purpose of this administrative procedure, fraud, waste and abuse are referred to as “fraud.”

PURPOSE

The purpose of this document is to communicate the County’s policy regarding the deterrence and investigation of suspected misconduct and dishonesty by employees and others concerning fraud, waste and abuse, and to provide specific instructions regarding appropriate action in the event of suspected violations. Fraud not only involves loss of revenue, but results in decreased morale and productivity.

SCOPE

This policy applies to any fraud, or suspected fraud, involving employees, Department Heads, Officials, consultants, vendors, contractors, and any other parties with a business relationship with Trinity County.

GOAL

It is the intent of this policy to establish and maintain a fair, ethical, and honest business environment for all County employees, customers, suppliers, and anyone else with whom the County has a relationship.

DEFINITIONS

Fraud – Fraud encompasses an array of irregularities and illegal acts characterized by internal or external deception. Fraud can be perpetrated for the benefit of, or to the detriment of the County; and by persons outside as well as inside the County. Examples of fraud include, but are not limited to the following:

- Stealing, misappropriation of funds, supplies, etc.
- Forgery or unauthorized alteration of any document

- Intentional misrepresentation by County personnel regarding payroll records or the payroll records of others
- Knowingly making a false entry in, or false alteration of a governmental record
- Making, presenting, or using any record, document, or thing with the knowledge that it is false
- Intentional destruction, concealment, removal or other impairment to the verity, legibility, or availability of a government record
- Processing, selling, or offering to sell a governmental record or a blank governmental record form with the intent that it be used unlawfully, or with the knowledge that it was obtained unlawfully
- Using or claiming to hold an educational degree that is fraudulent, fictitious, or has been revoked, with the intent to obtain employment, promotion, or other benefit
- Credit card abuse or falsification of transaction
- Making a false statement to obtain money, property, credit, or services
- Fraudulent transfer of a motor vehicle
- Securing execution of a document by deception
- Fraudulent destruction, removal, or concealment of a document
- Fraudulent use or possession of identifying information without that person's consent
- Stealing an unsigned check or receiving an unsigned check with the intent to use it or sell it

Waste – Waste is defined as intentional or negligent harmful or destructive use of property under one's control. Waste may also be referred to as the unnecessary incurring of costs as a result of inefficient practices, systems or controls. Examples of waste include, but are not limited to the following:

- Damaging, destroying, or ruining materials or equipment
- Improper maintenance or intentional mistreatment of equipment
- Purchase of unneeded supplies or equipment
- Purchase of goods at inflated prices
- Failure to reuse or recycle major resources or reduce waste generation

Abuse – Abuse refers to violations and circumventions of departmental or County regulations which impair the effective and efficient execution of operations. Some examples of abuse are as follows:

- Using County equipment or supplies for non-County purposes
- Unauthorized use of County resources (computers, software, databases, other information) for non-County purposes
- Use of information gained as a county employee for personal gain, such as an employee using non-confidential taxpayer information to get new customers for his/her outside business
- Improper handling or reporting of money or a financial transaction
- Profiting by self or others as a result of inside knowledge
- Destruction or intentional disappearance of records, furniture, fixtures or equipment

- Accepting or seeking anything of material value from vendors or persons providing services or material to the County for personal benefit
- Abuse of purchase order authority, such as false travel or expense reports

DETERRENCE

Deterrence consists of those actions taken to discourage the perpetration of fraud and limit the exposure if fraud does occur. Elected Officials/Department Heads are responsible for the implementation and maintenance of effective internal controls. All County employees and officials are responsible for ensuring established internal controls are followed and exceptions are reported. The Auditor's Office is responsible for assisting in the deterrence of fraud by examining and evaluating the adequacy and effectiveness of internal controls.

Fraud occurs for the following reasons:

1. Poor internal controls, especially disregard for set policies and procedures
2. Management override of internal controls
3. Collusion between employees and/or third parties
4. Poor or non-existing ethical standards
5. Lack of control over staff by their supervisors

"RED FLAGS"

The most frequently cited "red flags" of fraud are:

1. Changes in an employee's lifestyle, spending habits or behavior
2. Poorly written or poorly enforced internal controls, procedures, policies, or security
3. Irregular/ unexplained variances in financial information
4. Inventory shortages
5. Failure to take action on results of internal/external audits or reviews
6. Unusually high expenses or purchases
7. Frequent complaints from customers
8. Missing files
9. Ignored employee comments concerning possible fraud
10. Refusal to leave custody of records by the employee
11. Working excessive overtime and refusing to take vacation time off

FRAUD PREVENTION

The following internal controls should minimize the risks and help prevent fraud:

1. Detailed written policies and procedures and adherence to all policies and procedures, especially those concerning documentation and authorization of transactions.
2. Physical security and controlled access over assets such as locking doors and restricting access to certain areas.
3. Proper training of employees
4. Independent review and monitoring of tasks by the department supervisor, such as approval processing of select items.

5. Separation of duties so that no one employee is responsible for a transaction from start to finish.
6. Clear lines of authority
7. Conflict of interest statements which are enforced
8. Rotation of duties in positions more susceptible to fraud
9. Ensuring that employees take regular vacations
10. Regular independent audits of areas susceptible to fraud

REPORTING FRAUD

If an employee or a member of the community suspects that fraud is being committed within the County, the individual shall report it to any of the following:

- The immediate supervisor,
- Department Head/Elected Official
- County Auditor by phone at 936-642-3913; via email at bonnie.kennedy@co.trinity.tx.us; or by mail to P.O. Box 1030, Groveton, TX 75845
- Contact the Texas State Auditor's Office by phone at 1-800-TX-AUDIT (892-8348), by mail to State Auditor's Office, Attn: SIU, P.O. Box 12067, Austin, TX 78711-2067, or by submitting to the fraud hotline website at <https://sao.fraud.texas.gov/ReportFraud/>

The Supervisor or Department Head/Elected Official, shall immediately submit report it to the County Auditor's Office.

At any time, an employee may communicate directly with the County Auditor's Office to report fraud and the employee will have the option to remain anonymous. Every attempt will be made to protect the identity of the reporting individual. The County Auditor's Office is committed to protecting the employee's identity and confidentiality.

Due to the important yet sensitive nature of the suspected violations, effective professional follow-up is critical. Managers, while appropriately concerned about "getting to the bottom" of such issues, should not in any circumstance perform any investigative or other follow-up steps on their own. All relevant matters, including suspected but unproven, should be referred immediately to those with follow-up responsibility.

Matters brought to the attention of the County Auditor's Office in which fraud, waste, or abuse of funds may have occurred will be forwarded to the State Auditor's Office as required by the Texas Government Code, Section 321.022.

RETALIATION

The Texas Whistleblower Act protects employees who make good faith reports of violations from retaliation. An employee who believes that he or she has experienced retaliation for making a report or assisting in an investigation shall report this as soon as possible to the County Auditor.

REPORTING UNETHICAL BEHAVIOR

Employees are encouraged to seek advice from the County's Personnel Department when faced with uncertain ethical decisions. The County Auditor is responsible for the administration, revision, interpretation, and application of this policy. This policy will be reviewed annually and revised as necessary.

DUTY TO REPORT

County Officials, Department Heads, employees, and all others who are subject to this policy have a duty to report violations of this policy and to cooperate in investigations, inquiries, and hearings conducted by the County. However, a person making false reports shall be subject to disciplinary action if he or she reports information that he or she knows to be false or which he or she discloses with reckless disregard for its truth or falsity.

Suspected improprieties concerning sexual harassment, discrimination or hostile work environment are not considered to be instances of fraud and should be resolved by departmental management and the Personnel Department in accordance with established policies.

NO COERCION

No County official or employee shall directly or indirectly use or threaten to use any official authority or any influence in any manner whatsoever, which tends to discourage, restrain, deter, prevent, interfere with, coerce, or discriminate against any person who in good faith reports, discloses, divulges, or provides any facts or information relative to an actual or suspected violation of this policy or other state, federal, or local laws.

CONSEQUENCES

County Department Heads found to have violated this policy will be subject to discipline by Commissioners Court, including a written warning or reprimand, suspension, or termination in accordance with the procedures under which a department head may otherwise be disciplined.

County employees found to have violated this policy will be subject to discipline by their Department Head or Elected Official regarding violations of this policy, up to and including a written warning or reprimand, suspension, or termination in accordance with the procedures under which the employee may otherwise be disciplined.

Parties doing business with the County, including vendors, consultants, contractors or their principals and employees, found to have violated this policy will be subject to termination of any business relationship with the County and exclusion from further business opportunities with the County.

As to any person subject to this policy or otherwise, the County may make a referral of its findings to the appropriate law enforcement authority.

THEFT OF FUNDS (FRAUD) – IN TEXAS

- If found guilty of embezzlement, the penalties are dependent on the

- amount of money or value of goods taken (Texas Penal Code, Title 7, Chapter 31).
 - \$0 to \$1,500 misdemeanor Charge, up to 1 year in jail
 - \$1,500 to \$20,000 State Jail Felony, up to 2 years in state jail
 - \$20,000 to \$100,000 3rd Degree Felony, 2 to 10 years in prison
 - \$100,000 to \$200,000 2nd Degree Felony, 2 to 20 years in state prison
 - More than \$200,000 1st Degree Felony, 5 to 99 years in state prison
- If you are considered a “public servant” in your capacity as an employee when the situation happened, the charge you face will be enhanced. You will face the next higher category of category of offense. The theft of \$1 by a “public servant” will result in a State felony, a \$1,500 to \$20,000 fine and up to 2 years in prison.

Adopted Date: February 13, 2024